UNITED
NATIONS

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Security Council

Distr.
GENERAL

S/1994/595
19 May 1994

ORIGINAL: ENGLISH

LETTER DATED 19 MAY 1994 FROM THE PERMANENT REPRESENTATIVE OF CROATIA TO THE UNITED NATIONS ADDRESSED TO THE PRESIDENT OF THE SECURITY COUNCIL

Further to the information provided by my Government regarding the complete lack of progress by the insurgent Serb authorities in implementing the Zagreb cease-fire agreement of 29 March 1994 (S/1994/535), and the tragic development in Daruvar, where five civilians were summarily executed by Serbian extremists on 11 May 1994 (S/1994/578), I wish to inform the Council regarding the recently outlined plans of the insurgent Serb authorities in Knin to integrate the occupied territory in the Republic of Croatia (United Nations protected areas (UNPAs)) into the legal system of the Federal Republic of Yugoslavia (Serbia and Montenegro).

According to the "Proposal for the Programme of the New Government of 'RSK'" (occupied territory or UNPAs in Croatia which the insurgent Serb authorities in Knin refer to as the Republic of Serbian Krajina) presented by "prime minister" Borislav Mikelic at the "parliament" session of 20 April 1994, the number one priority of his "Government" is the "integration of the [occupied territory or UNPAs] into the monetary and economic system of the Federal Republic of Yugoslavia (Serbia and Montenegro) and the 'Srpska Republic'" (self-declared Bosnian Serb Republic).

The plans of the insurgent Serb authorities in Knin, as presented by Mr. Mikelic, are in serious violation of all relevant Security Council resolutions and may jeopardize the peace process in Croatia and in the entire region. Excerpts from Mr. Mikelic's statement are as follows (excerpts are numbered by this writer for reference):

1. "Our negotiating position is and will be territorial integrity and sovereignty of the [occupied territory or UNPAs]. The [UNPAs] will sooner or later unite with the 'Srpska Republic' and Serbia and Montenegro into a unified State."

2. "Reintegration of [UNPAs] into Croatia is wishful thinking, an empty wish of the Croatian leadership. ... I would like to tell the Croatian leaders from this very position, that today, more than ever, Serbs in [UNPAs] are resolute not to live in a joint State with Croatia, and that they will link their destiny

with the Serbs in the 'Srpska Republic' and the Federal Republic of Yugoslavia (Serbia and Montenegro)."

3. "In that framework, the issue of Vukovar needs special treatment. Actually, we should demand that all financial concessions granted by the United Nations for reconstruction of Vukovar and directed into Croatia, be redirected to the [insurgent Serb authorities in Knin] in order that the reconstruction of Vukovar begins."

4. "Signing of the [Zagreb cease-fire] agreement and the subsequent deployment of the peace-keeping forces along the separation lines requires [that] special attention be given to defense matters. ... Implementation of the [Zagreb cease-fire] agreement is to be understood only as one positive step which will enable us to establish a joint defense system, together with the [Bosnian Serb army] and with the Federal Republic of Yugoslavia (Serbia and Montenegro)."

5. "Regarding the overall national plan, this generation has the mission to finalize the unification of Serbs in their overall ethnic territories."

6. "The strategic task is orientation of the economy in [UNPAs] towards the economy of Serbia, and [then] presentation to the world market. ... Links with the banking system of the Federal Republic of Yugoslavia (Serbia and Montenegro) are being established, and they are showing first results. ... We must keep in mind that industry as well as the whole economy was connected with the Croatian economy. Now we are trying to establish connection with the 'Srpska Republic' and the Federal Republic of Yugoslavia (Serbia and Montenegro). ... The previous 'Governments' established three companies: Kninex, Consortium and Krajina Consulting. Their task was to expedite the process of connecting the [UNPAs] and the Federal Republic of Yugoslavia (Serbia and Montenegro) economies and to control it."

7. "The current circumstances and relations between powers in the world still do not permit formal uniting of all Serb lands. That is not hindering us in building the economy of the [UNPAs] as an integral part of the unified economic system in Serb territories. ... The formal conception of unification of the economic and monetary system has to be performed through unified legislation. Practically, the attitude has to be based on factual unification of [UNPAs] with Serbia, based on a federal concept according to which [UNPAs] would be one of the republics."

8. "The attempt to establish a self-reliant economic and monetary system in [UNPAs] two years ago, was followed by many mistakes. ... The new programme will be based on implementation of the same, and I wish to emphasize, the same monetary programme as in the Federal Republic of Yugoslavia (Serbia and Montenegro)."

9. "The monetary system in [UNPAs] will be implemented on the basis of agreement with respective bodies of the Federal Republic of Yugoslavia (Serbia and Montenegro), the 'Srpska Republic' and [insurgent Serb authorities in Knin]. It is necessary to assure that the Yugoslavia National Bank becomes the only bank of issue, the Central Bank, in the monetary system. ... The Central Bank will have exclusive, unified controlling functions, which means control of money

transactions, and control of the legal aspects of banking operations and of other money transactions."

10. "A decrease of wood exports from Russia and Canada is expected, and that gives an opportunity for an increase in Yugoslavia's export. Taking into account the economic blockade of Yugoslavia, [we] need to explore possibilities to export, either through the United Nations - talks on those issues have started - or in any other way that develops."

11. "There are three airports in [UNPAs]: Udbina, Zeljava and Klisa. The Udbina airport is used by the [Bosnian Serb army], the airport in Klisa is used by the United Nations Protection Force (UNPROFOR) and the airport in Zeljava, one of the most modern military airports in Europe, was destroyed."

12. "Immediately after the outbreak of war all communications from [UNPAs] with the outside world were cut. ... During the last two years public firms responsible for the post and telecommunications invested major efforts and realized profit, mainly from services for UNPROFOR."

13. "Over the last two years [UNPAs] have suffered a shortage of electricity. With comprehensive assistance from Serbia, the transmitting system has been reconstructed."

14. "The oil industry in [UNPAs], in Mirkovci (NIK Enterprise) produced 138,000 cubic meters of oil last year. The company has three pumping fields, Deletovci, Ilaca and Sremske Laze, with 736 employees. Our estimates are that the wells that are not operating have the capacity to produce 151 cubic meters per day. The plan for this year is to make operational several new wells and to increase production."

15. "The court structure has to be complementary to the court system of the Federal Republic of Yugoslavia (Serbia and Montenegro). This is a direct consequence of the proposal for factual unification with the Federal Republic of Yugoslavia (Serbia and Montenegro). It means that respective Ministries in [UNPAs] are functionally connected with the ministries of the Federal Republic of Yugoslavia (Serbia and Montenegro)."

16. "Five hundred beds are available in the Plitvice resort. The plans are to present the tourist offer to the Serbs from the diaspora and to UNPROFOR."

It is the intention of my Government to bring this information before the Council so that the Members of the Council can be fully aware of the acts that are directly threatening the security and territorial integrity of Croatia, a Member State of the United Nations. Therefore, my Government urges the Council to consider seriously what other measures may be necessary so that the desired results in respect of UNPAs are found in a timely manner, consistent with the relevant Security Council resolutions.

In view of the obvious intention by the insurgent Knin authorities not to accept the second stage of the European action plan, the economic reintegration into Croatia, and the third stage, the political reintegration into Croatia, my Government reserves its right to reconsider the renewal of the present UNPROFOR

mandate in Croatia, if the present mandate does not incorporate action consistent with the relevant Security Council resolutions, and if the present mandate will only serve to preserve the status quo.

Moreover, my Government strongly urges the members of the Council to seriously consider how some actions by UNPROFOR, in view of the information in paragraphs 10, 11, 12, 14 and 16 above, may obstruct the peace process promoted by the Council, and how certain UNPROFOR actions may violate the Council's resolutions.

May I request your assistance in circulating this letter as a document of the Security Council.

(Signed) Mario NOBILO
Ambassador
Permanent Representative